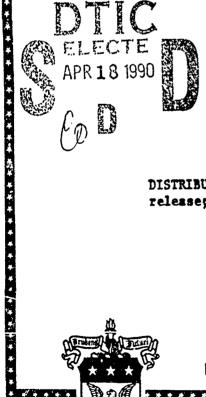
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> SHOULD THE DEFENSE REORGANIZATION ACT OF 1986 BE AMENDED TO IMPROVE RESOURCE ALLOCATION?

> > BY



COLONEL FRANK J. VALENTINE, JR.

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USAWC MILITARY STUDIES PROGRAM PAPER

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SHOULD THE DEFENSE REORGANIZATION ACT OF 1986 BE AMENDED TO IMPROVE RESOURCE ALLOCATION?

AN INDIVIDUAL STUDY PROJECT

by

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U.S. Army War College Carlisle Barracks, Pennsylvania 17013 26 March 1990

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ABSTRACT

AUTHOR: Frank J. Valentine, Jr., COL, SC

TITLE: Should the Defense Reorganization Act of 1986 be Amended to Improve Resource Allocation?

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On 1 October 1986, Public Law 99-433, known as the Goldwater-Nichols Department of Defense Reorganization Act of 1986. was signed into law. The Act prescribed significant changes in defense organization and procedures involving the Office of the Secretary of Defense (OSD). the Joint Chiefs of Staff (JCS). the commanders and combatant commands, and the Military Departments. Significantly, the Act changed the role that the Secretary of Defense, the Chairman JCS, and the CINCs have in resource That system is known as the Planning. Programing, and allocation. Budgeting System (PPBS). This study explores the background of why the Congress felt a need to reorganize the Department of Defense and specifically evaluates the impact the Act has had on budgeting. Finally, this MSP provides recommendations and a conclusion about whether the budgeting aspects of the Act need further refinement to accomplish the goals Congress envisioned.



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GOLDWATER-NICHOLS DEPARTMENT OF DEFENSE REORGANIZATION ACT OF 1986

CHAPTER I

INTRODUCTION

Public Law 99-433 was signed by President Reagan on 1 October 1986. Assuming the name of its main sponsors, it became known as the Goldwater-Nichols Department of Defense Reorganization Act of 1986. This paper traces the Goldwater-Nichols Act from campaign rhetoric through policy development, focusing on the need for change within Department of Defense (DoD). The paper pays particular attention to the impact Goldwater-Nichols is having on resource allocation and on the Planning, Programing and Budgeting System (PPBS) used by DoD. As Goldwater-Nichols enters its fourth year, the Act appears to have a continuing impact on the defense establishment and particularly on the way DoD accomplishes PPBS.

The period following World War II marked the beginning of Defense reforms. But since Congress first created DoD in 1947, further change has come more slowly. Defense reforms enacted by Congress have been marked by sharp debate, both from within Congress and the Defense establishment. The Goldwater-Nichols Act is the latest effort to reform DoD. This analysis will examine the need for change, the political rhetoric, and the main actors affected by the changes brought about by the Goldwater-Nichols Act.

Specifically, this report will delve into the budgetary implications of the Goldwater-Nichols Act and the impact it has had on the

Secretary of Defense, Chairman Joint Chiefs of Staff (JCS), and the Commander in Chief's (CINCs) of the combatant commands. These changes will be examined in light of the DoD budget process (PPBS), resource allocation, and the acquisition process. Finally, some conclusions will be drawn about the Goldwater-Nichols Act, particularly its impact on budgeting and the need for refinement or change in that area.

BACKGROUND

The National Security Act of 1947 addressed the U.S. role in world affairs following World War II. The National Security Act created the Department of Defense, headed by a cabinet post created for the Secretary of Defense; it also established three military departments subordinate to the Secretary of Defense. Each of the three departments (the Army, Air Force, and Navy) would be headed by a civilian Secretary with cabinet rank. In addition, the Act created the National Security Council and the Central Intelligence Agency; it further established a Joint Chiefs of Staff.¹

The National Security Act of 1947 was then amended in 1949 to strengthen the authority of the Secretary of Defense. Additionally, the position of Chairman of the JCS was created. "No other major changes were made until 1958. The Reorganization Act of 1958 further strengthened the authority of the Secretary of Defense and of the Assistant Secretaries of Defense." This Act reorganized operational forces and directed that they be assigned to the unified and specified commands. The Reorganization Act of 1958 also

officially authorized the CINCs. Additionally, it formally removed the Secretaries of the Military departments from the operational chain of command. At the same time, the Chairman of the JCS was made a voting member of the JCS, and the Joint Staff was enlarged to 400.2 No major changes occurred between 1958 and 1986.

In 1982 a new debate began concerning reform of the Defense Department. The United States' experience in Viet Nam was responsible for much of the initiative for reform. Principal issues included the quality of military advice given the President and the national military establishment; the need to redefine the role of the JCS; the need to strengthen the authority of the unified and specified combatant commanders; and unnecessary layering and duplication of roles within the defense organization. Additional criticism was leveled at DoD price overruns and antiquated procurement practices.³

Former Chairman JCS General David C. Jones criticized the JCS system because of organizational inadequacies and because he favored increased authority for the Chairman. General Jones also claimed that structural problems diminished the effectiveness of the JCS. His observations were soon followed by similar criticism of the JCS by retired General Edward C. Meyer, a previous Chief of Staff of the Army.

In response to these criticisms the Investigations Subcommittee of the House Committee on Armed Services, under Chairman Richard C.

White, held hearings in August 1982. These hearings led to the preparation and adoption of the Joint Chiefs of Staff Reorganization Act of 1982, H.R. 6954. Although this Act was considered by the Senate Committee on Armed Forces no action was taken by the 97th Congress. In June 1983, Senators John Tower and Henry M. Jackson began a review of the entire Defense Department. The study continued throughout 1984-85, encompassing all major organizations and decisionmaking procedures of DoD.

Senate and House committees, in addition to a Presidential Commission, continued to study Defense Organization during 1985-86. By 1986 five separate Bills were introduced in the Senate and House, and two major studies had been completed concerning reorganization of DoD. Early in 1985, Senators Barry Goldwater and Sam Nunn led a task force to review the drafts of a previous staff study. On October 16, 1985, this committee's staff released their study, entitled Defense Organization: The Need for Change. This was soon followed by the second study conducted by the President's Blue Ribbon Commission report on Defense Management (February 1986), entitled An Interim Report to the President. This report eventually became known as the Packard Commission Report and in finality consisted of four volumes and was entitled A Quest for Excellence.

The importance of the Planning, Programming, and Budgeting System (PPBS) used throughout DoD cannot be overemphasized. In

fact, a staff report prepared for the Senate Committee on Armed Services noted that organizational changes could be effected through .

PPBS. 5 Mr. Allen Schick also observed that PPBS had been used for this purpose during McNamara's tenure as the Secretary of Defense:

PPB and departmental reorganization can be regarded as partial substitutes for one another. When PPB was flourishing in the Defense Department it was utilized to accomplish many of the objectives that had been sought in earlier reorganization attempts. Even though each of the military services retained its separate organizational identity, it was possible for the Secretary of Defense to make cross-cutting decisions by means of the mission-oriented program budget. 6

So by 1986 it had become evident that DoD should be significantly reorganized. Two lengthy studies supported reorganization. Further, it became clear that organizational change could be effected best through PPBS. The rationale and the vehicle for change had thus been established. Now the Congress and the American public had to be "sold" on this change so that the necessary legislation would be politically palatable.

- ¹ Richard L. West, Association of the United States Army. <u>Department of Defense Reorganization Act of 1986: A Primer</u>, p. 2-3.
 - ² <u>Ibid</u>., p. 3.
 - 3 Ibid., p. 4.
- 4 "Legislative History," in <u>United States Code Congressional and Administrative News</u>, 1986, Vol. 4, pp. 2172-2173.
- 5 Staff Report to the Committee On Armed Services United States Senate, Defense Organization: The Need For Change, 16 October 1985, p. 483.
- ⁶ Allen Schick, A death in the Bureaucracy: The Demise of Federal PPB, <u>Public Administration Review</u>, March 1973, pp. 151-152.

CHAPTER II CONGRESS BACKS OFF

The Congressional Record is full of interesting political rhetoric from the debates and hearings held from 1982 to 1986 concerning Defense Department reforms. Much of the debate criticized the Congress for the inefficient way legislators dealt with Defense issues. During the debate Congress was accused of micro-managing the Defense Department, thereby contributing to its inefficiencies: 1

Congress is becoming increasingly involved in the details of the national defense effort, not just the broad policies and directions that guide it. Congressional micro-management places an excessive burden on the Department of Defense, diverts attention away from high priority responsibilities, and produces substantial program instability. In particular, there has been a steady and dramatic increase in the extent of congressional involvement in the annual defense budget submission. The following table is representative of the alarming pace at which the congressional micro-management problem is becoming more serious.²

CONGRESSIONAL ACTIONS AS PART OF DOD OVERSIGNT AND REVIEWS								
	1970	1976	1982	1985	~ %			
				Ir	crease.			
				19	70-85			
Dominio 1 Obo 15 or a 4 Dominio	26		204	450	1 170			
Requested Studies and Reports	36	114	221	458	1,172			
Other Mandated Actions	1.8	208	210	202	2,022			
					_,			
General provisions in Law	64	96	158	213	233			
Number of Programs Adjusted:								
In Authorizations	180	222	339	1315	631			
III Auciloi 12d Clotta	100	244	559	1010	001			
In Appropriations	650	1032	1119	1848	184			

The chirt above clearly demonstrates the increases in Congressional requests for reports. The chart indicates that the Congressional appetite for information increased at an exponential rate from 1970 to 1985. Likewise, the high number of program adjustments followed this same pattern. This disruptive pattern of adjustments to major defense programs added to costs of most major DoD procurements.

By 1985, Congressional micro-management had become pervasional congress adjusted over 1,800 separate programs in the Defer Department budget request in 1985. Both DoD and the Compassion were evidentially approaching the defense program with an accountant's mentality, viewing the budget as thousands of individual debit and credit entries. Central policy initiatives thus got lost in the maze of minor budgetary details. Real growth instead of real defense had become the hallmark of the defense debate.

Legislative history explains much of Congressional criticism of the budget process. Historically, most of the criticism was directed at Congress by the Congress itself. It was apparent that the budget process had come to dominate the agenda of the Congress, and this was seriously degrading the quality of congressional oversight of the Defense Department. "The Congress was accused of spending months debating the level of real growth in the defense budget instead of what it would take to defend U.S. interests." Critics felt that the level of spending was being decided without a careful analysis of defense objectives and requirements.

Additionally, there was duplication of activity among the committees, even though the three functions are supposed to be complementary. "In practical terms, the Congress was approving a defense budget three times each year, and each time it altered earlier decisions. The Constitution envisioned that the Congress would act as the Nation's board of directors on public policy issues, determining policy goals and setting overall directions. Instead, Senators and Representatives and their staffs were acting more and more like national program managers."

During debate on the Goldwater-Nichols Act, it was revealed that the Act would "mandate reductions of 17,694 in civilian and military personnel assigned to defense agencies and headquarters positions. Also, DoD reporting requirements to the Congress would be reduced." Even so, CBO witnesses were unsure of whether the Goldwater-Nichols Act would reduce expenditures!

Such political rhetoric continued for three years before the Senate Armed Services Committee established three fundamental goals for congressional reform of the Defense Department. First, they agreed to disengage from patterns of micro-management and restore a focus on strategic policy and direction. Second, they agreed to shift the focus of Congressional oversight from resource inputs to mission outputs. Third, they decided to reinforce joint perspectives in defense programs and policies and discourage single-service perspectives. Once these decisions were realized, the need for change was more evident than ever before.

- ¹ "Legislative History," in <u>United States Code Congressional and Administrative News</u>, 1986, Vol. 4, pp. 2177-2178.
 - ² <u>Ibid</u>., p. 2177.
 - ³ <u>Ibid</u>., p. 2178.
 - ⁴ <u>Ibid</u>., p. 2179.
 - ⁵ <u>Ibid</u>. p. 2178.
 - 6 <u>Ibid</u>., p. 2178.
 - 7 <u>Ibid</u>., p. 2243.

CHAPTER III GOLDWATER-NICHOLS OVERVIEW

As a result of Congressional findings, the Goldwater-Nichols Department of Defense Reorganization Act of 1986 was enacted. Act sought to correct the deficiencies noted during previous hearings. Specifically, the Act sought to reorganize the Defense Department, strengthen civilian authority, and improve the military advice provided to the President, the National Security Council, and the Secretary of Defense. Also, the Act placed clear responsibility on the commanders of the unified and specified combatant commands (CINCs') for the accomplishment of missions assigned to those commands. Congress wanted to ensure that the authority of the commanders of the unified and specified combatant commands was fully commensurate with the responsibility of those commanders for the accomplishment of missions assigned to their commands. The Act increased attention on the formulation of strategy and on contingency planning, improved joint officer management policies, and enhanced the effectiveness of military operations, management, and administration of the DoD.1

The major headquarters around the world were reduced 10 percent, and the acquisition auditing, and comptroller functions were moved from the Service Staffs to the Office of the Service Secretaries.² As an example "prior to reorganization, financial management was performed both within the Secretariat and the Army Staff. After reorganization, all comptroller/financial management functions previously performed by either the Comptroller of the

Army (COA) or the Assistant Secretary of the Army for Financial Management (ASA(FM)) were consolidated in ASA (FM). All active Army budget activities previously conducted by the functional elements of the Army Staff were consolidated into the Central Budget Office within ASA (FM). This office is now responsible for the full range of Army budgeting activities: developing the budget; presenting and justifying the budget to Congress; allocating and distributing funds. National Guard and Reserve Component budgeting and fund management, however, is left with the National Guard Bureau (NGB) and the Office Chief of Army Reserve (OCAR). The Central Budget Office consolidates their input into the total Army budget. While Army Staff functional managers lost their separate budget activities to the Central Budget Office, they retained some internal planning and programming capabilities."

Later, Congress approved legislation to begin biennial budgeting, reduce fiscal administration, and reduce the number of Congressional budget hearings. Biennial budgeting began in fiscal years 1988-89. This single change was designed to bring stability to defense acquisition programs, reduce the time required by DoD to plan and prepare budget details, and contribute toward broader policy issues. Additionally, a task force was formed to facilitate the implementation of biennial budgeting, minimize duplicate hearing and reporting requirements, and consolidate redundant legislative phases of budgeting, authorizing, and appropriation. However, because of Congressional uncertainty and the fact that

appropriations are still authorized yearly, it is not certain whether DoD will benefit from this change to biennial budgeting. The following chapters should indicate precisely how DoD has benefited from Goldwater-Nichols or in some cases what remains to be done.

- ¹ U.S. Law, <u>Public Law 99-433</u>. (hereafter referred to as "Goldwater-Nichols Department of Defense Reorganization Act of 1986").
- ² Richard L. West, Association of the United States Army. <u>Department of Defense Reorganization Act of 1986: A Primer</u>, pp. 7-8.
- 3 "Legislative History," in <u>United States Code Congressional and Administrative News</u>, 1986, Vol. 4, pp. 2179-2180.
 - 4 West, p. 25.

CHAPTER IV GOLDWATER-NICHOLS AND THE SECRETARY OF DEFENSE

The Goldwater-Nichols Act solidified the role of the Secretary of Defense in the budgeting process. The Act directed the Secretary of Defense to provide the Services annually with written guidance for the preparation and review of program recommendations and budget proposals. This guidance must include national security objectives and policies, prioritized military missions, and the projected available resource levels.¹ "The Act goes on to direct the Secretary of Defense to furnish to the Chairman JCS, for use during the preparation and review of contingency plans, information/guidance on specific force levels. These two provisions made it clear that Congress wanted current contingency plans to be based upon current capabilities and to be consistent with national security objectives."²

The Act also requires the Secretary of Defense to include in the annual budget request a separate budget proposal for those activities of the unified and specified combatant commands which the Secretary determines appropriate, such as joint exercises, force training, and contingencies.

- 1 Public Law 99-433, Goldwater-Nichols Department of Defense Reorganization Act of 1986, p. 996.
- ² Richard L. West, Association of the United States Army.

 <u>Department of Defense Reorganization Act of 1986: A Primer</u>, p. 9.

CHAPTER V GOLDWATER-NICHOLS AND THE CHAIRMAN JCS

Goldwater-Nichols significantly changed the role of the Chairman JCS in the budgeting and PPBS process. Prior to Goldwater-Nichols the Chairman JCS prepared a fiscally unconstrained Joint Strategic Planning Document (JSPD). His role was marginal in the PPBS process which eventually produced the annual Defense Department budget request.

There were many arguments for granting the Chairman JCS more participation in the budgeting process. The President's Blue Ribbon Commission on Defense Management concluded that:

Better long-range planning must be based on military advice of an order not now always available—fiscally constrained, forward looking, and fully integrated. 1

Another conclusion was that a fiscally constrained planning document would be meaningful only if the Secretary of Defense provided realistic fiscal guidance to the Chairman. In this way, joint military strategic planning would guide the difficult choices that must be made among competing priorities in the programming and budgeting phases of the resource allocation process. This provision would require the Chairman JCS to advise the Secretary of Defense on the extent to which the annual program recommendations and budget proposals of the Military Departments and other DoD components conform with strategic priorities and the combatant commanders' operational requirements. Additionally, the Committee investigating DoD reforms believed that it would be appropriate for

the Chairman JCS to assess acquisition requirements that are joint in nature, especially those affecting the interoperability of communications equipment.²

Another recommendation indicated that the Chairman JCS should be designated the spokesman for the combatant commanders with regard to their operational requirements. Because of the geographic separation of the combatant commanders from the Washington Headquarters of DoD, it is difficult for them to provide a continuous representation of their positions on policy, planning, and resource allocation issues.

CHAIRMAN JCS--NEW RESPONSIBILITIES

The Goldwater-Nicho: Act thus granted the Chairman JCS new responsibilities. Now he represents the combat commands and review strategic plans, budget proposals, and training policies.

Additionally, he prepares strategic plans for the strategic direction of the armed forces within resource levels projected by the Secretary of Defense. The Chairman can no longer prepare unconstrained strategic plans. Once resource levels have been set, subsequent strategic planning must take place in the context of fiscal constraints.

Title II transfers duties currently performed by the corporate JCS to the Chairman and gives new statutory responsibilities to the Chairman. Specifically, to prepare fiscally constrained strategic plans. Additionally, he must advise the Secretary of Defense on whether or not the Services' budget proposals conform with the

priorities established in strategic plans and meet the requirement of the unified and specified combatant commands. He is also responsible for recommending to the Secretary of Defense a budget for activities of each unified and specified combatant command, and assessing military requirements for acquisition programs. Through these provisions, Congress is attempting to tighten up the planning process so it responds to fiscal realities.

So the Chairman JCS now serves as the spokesman for the commanders of the combatant commands with respect to resource requirements. He also advises the Secretary of Defense on the extent to which service budget proposals conform with the priorities established. "The Chairman JCS is expected to review and analyze requests submitted by the combatant commanders. He may also submit alternate budget proposals to conform with strategic plans and the requirements of those commands. Likewise, he may address military requirements for acquisition programs. His program and budget proposals for the combatant commands became effective for the first time in FY 1989."

- President's Blue Ric Commasion on Defense Management, An Interim Report to the President, 'eb. 1986.
- ² "Legislative History," in <u>United States Code Congressional and Administrative News</u>, 1986, Vol. 4, pp. 2193-2195.
 - ³ <u>Ibid</u>., p. 2207.
- 4 Richard L. West, Association of the United States Army. <u>Department</u> of <u>Defense Reorganization Act of 1986: A Primer</u>, p. 12.
 - ⁵ <u>Ibid</u>., p. 14.

CHAPTER VI GOLDWATER-NICHOLS AND THE CINCS' ROLE IN PPBS

The Goldwater-Nichols Act focused on strengthening the authority and participation of the CINCs' in the PPBS process. This chapter provides background on CINCs' participation in PPBS prior to Goldwater-Nichols, details the CINCs' current participation in the PPBS cycle, and describes the special PPBS treatment afforded to United States Commander in Chief Special Operations Command (USCINCSOC).1

BACKGROUND

The 1947 National Security Act was amended in 1958 to formally establish the CINCs. Although the CINCs gained formal recognition, they still lacked representation in the PPBS cycle used by the Defense Department. So from 1958 to 1986, the Services continued to manage and control the CINCs budgets.

Since they were formally established, the CINCs have needed more input in the resource cycle. In 1970 the President's Blue Ribbon Defense Panel urged development of greater CINC participation in the budget process. The Panel concluded that "There is an apparent inability of Service staff elements to divorce themselves from their own Service interests in establishing priorities for requirements. It is evident that the needs of the user in the field often take second place to weapons developments considered most important to the particular Service for the protection or expansion of its assigned roles and missions."²

But twelve more years passed before the CINCs' role in PPBS was again addressed. In 1982 a Special Study Group appointed by the Chairman JCS concluded that nothing had changed: "Today the CINCs' are at best only superficially involved in many things critical to their commands. They play almost no role in the programming and budget process (though they recently were invited by the Secretary of Defense to participate occasionally in meetings of the Defense Resources Board) and have little influence in the JCS force allocation process. In addition, they are not strongly supported by either the Services or the Joint Staff."

Twice more, in 1985 and 1986, recommendations were urged to provide CINCs' with more participation in the budget process.

First, in 1985 in a Defense Science Board Summer Study, and again in 1986 by the Packard Commission the President's Blue Ribbon Commission on Defense Management. Most of the Packard Commission recommendations were adopted in National Security Defense Directive (NSDD 219) (1 April 1986), which directed DoD to implement most all recommendations in the interim Packard report that did not require legislative action.

Following NSDD 219 Congress adopted the Goldwater-Nichols Act.

One of its major purposes was to strengthen the CINCs' role in the budget and acquisition process. The Act requires the Chairman JCS to confer with and obtain information from the commanders of the combatant commands with respect to the requirements of their commands. Also, the Chairman is required to evaluate and integrate

such information, and advise and make recommendations to the Secretary of Defense with respect to the requirements of the combatant commands. Additionally, the Chairman is to communicate the requirements of the combatant commands to other elements of the Department of Defense.

CINC PARTICIPATION IN PPBS

Although the Goldwater-Nichols Act and NSDD 219 provided for reforms to allow greater CINC involvement in PPBS many delays have occurred in implementation. A report on Service reporting systems dated 1 July 1988 stated that OSD and Joint Staff directives have not been completed. The report recommended that both DoD and PPBS regulations should include the CINCs' and that this directive be carried out as soon as possible. In March 1989 a General Accounting Office report also recognized DoD's failure to update PPBS directives. It appears that the CINCs', at this time, have control over only limited resources affecting their O&M budgets for certain functions.

PLANNING

Even though the CINCs' participation in the PPBS cycle is limited, they do provide some input. During the planning phase the CINCs' advise the JCS Chairman during development of the Joint Strategic Planning Document (JSPD). They may submit recommendations to the Secretary of Defense regarding Defense Guidance (DG), comment on drafts of the DG, and meet personally with the Defense Resources Board (DRB).

PROGRAMMING

The primary interaction between the CINCs' and the Military Departments during the programming phase comes through the component commanders. At a time specified by the Military Departments. each CINC identifies his requirements to the Service responsible for providing programming support. Should CINC concerns not be resolved by the components, direct communications between the CINCs' and the Military Departments may be used during POM development. The CINCs' participate in reviewing the Military Departments' POMs, and they may submit major issues for later discussion during the DoD program review. During this phase the CINCs also submit their Intergrated Priority Lists (IPL). As the name suggests the CINCs' provide their priorities to the Secretary of Defense, Deputy Secretary of Defense, and the JCS Chairman. IPL serves to provide visibility to the CINCs' priorities. Service responds by preparing an Annex to its POM indicating how the CINCs' priorities have been addressed. Additionally, the Services are required to provide supporting rational for those priority needs not met.

BUDGET

On 29 October 1987 a Program Execution Review Memorandum established procedures for the CINCs' submissions during the budget phase of PPBS. During the budget phase the CINCs' submit their High Interest Small Program List. This list can include no more than five theater specific items, nor more than three per Service.

The items are generally low dollar items, and they may or may not be included in the CINCs' IPL submission.

SPECIAL OPERATIONS COMMAND

The Goldwater-Nichols Act set the stage for activation of United States Special Operations Command (USSOCOM). recommended creation of a unified combatant command for special operations submissions. Congress amended the Goldwater-Nichols Act in 1987 authorizing USSOCOM and providing for establishment of a new Major Force Program (MFP) within the DoD Five Year Defense Program (FYDP). However, DoD resisted USSOCOM attempts to enter the PPBS process. This resistance is indicated in a Defense Memo dated 29 September 1987. This memo provided guidance to the Services and the Defense Agencies indicating that PPBS responsibility for USSOCOM would be handled in a normal manner. The Memo went on to define USSOCOMs' role in the budget process: USSOCOM would be responsible for its own Headquarters budget, and the Air Force would be the Service executive agent. USCINCSOC appealed, and Congress clarified its intent in the FY 89 DoD Authorization Act by granting USSOCOM full budget authority. USSOCOM is now working to submit the 1992-97 POM by March 1990.

- ¹ This chapter draws heavily from a Military Studies Project by Julia C. Denman, <u>Enhancing CINCS' Influence on Defense Resource Allocation: Progress and Problems</u>, 31 May 1989.
- 2 Report to the President and the Secretary of Defense on the Department of Defense by the Blue Ribbon Panel, 1 July 1970, p. 68.
- ³ Chairman's Special Study Group, <u>The Organization and Function of the JCS</u>, Report for the Chairman, April 1982, p. 32.
- 4 U.S. Congress, The Goldwater-Nichols Department of Defense Reorganization Act of 1986, Conference Report to accompany H.R. 3622, Report 99-824, 12 September 1986, p. 3.
- 5 Julia C. Denman, LTC., Enhancing CINCS' Influence on Defense Resource Allocation: Progress and Problems, 31 May 1989, p. 16-17.
 - ⁶ <u>Ibid.</u>, p. 18.

CHAPTER VII RECOMMENDATIONS/CONCLUSIONS

Goldwater-Nichols represented the most sweeping change to the Defense Department organization since 1947. The act changed the DoD organization, authority of key actors in the defense establishment and even affected the way officers are promoted.

This Military Studies Project confirmed that the Goldwater-Nichols Act was well implemented as it pertains to budgeting and does not need major refinement or changes at this time. However, PPBS could still be improved.

RECOMMENDATIONS

The Secretary of Defense should continue to provide written policy guidance for the preparation of the service components' budget proposals. He should include in the annual defense budget request a separate budget proposal for those activities of the unified and specified commands that he determines to be appropriate.

The Chairman JCS should continue to be the spokesperson for the CINCs' concerning their budget requests and he/she should be required to prepare fiscally constrained strategic plans and submit alternative budget proposals in order to achieve greater conformation with the priorities of strategic plans of the unified and specified commands. The Chairman JCS should continue to recommend to the Secretary of Defense a budget proposal for the activities of each unified and specified command. Additionally, he should continue to assess military requirements for acquisition

programs and he should continue to act as the principal advisor to the President, National Security Council, and the Secretary of Defense.

The CINCs' need more authority to input their budgets into the PPBS process.

The consolidation of the Comptroller of the Army and the Assistant Secretary of the Army for Financial Management was a positive move for enhancing the budget process.

And finally, the unified and specified commanders should have more control over the administrative and support activities of their service components.

CONCLUSIONS

One of the main features of the Goldwater-Nichols DoD
Reorganization Act was to revolutionize budgeting and the PPBS used
by DoD. Both Congress and members of the Defense Department
demanded reform. Congress accepted much of the blame for the
fragmented manner in which budgeting and PPBS had been
accomplished. The budget reforms adopted by Goldwater-Nichols were
intended to streamline the budgeting process, thereby providing
fiscally responsible allocation of funds to DoD.

The Act granted new responsibilities to the Secretary of Defense and the Chairman JCS. The Secretary of Defense must prepare fiscal guidance for the Chairman JCS. The Chairman is now the highest ranking member of the JCS, and his new authority allows him to decide issues when the JCS corporate body cannot agree.

Further, he is now the spokesperson in Washington for the CINCs' concerning their fiscal concerns. Additionally, the Chairman is charged with issuing budget guidance within fiscally mandated constraints. The Chairman has yet to use his new found authority, and only time and events will allow us to judge the effectiveness of his new powers.

Goldwater-Nichols afforded the CINCs' new opportunities to determine the budget. The submission of their Intergrated Priority List and High Interest Small Program List provides them with visibility throughout the PPBS process. Additionally, they now enter the PPBS cycle early, beginning with the Defense Guidance; and they stay involved throughout the cycle. However, even with these improvements, DoD is still reluctant to let the CINCs' enter the PPBS cycle as full partners. USCINCSOC is the exception, having been granted full budget authority in 1989.

It is still too early to determine the full impact
Goldwater-Nichols will have on budgeting and PPBS in DoD. A survey
of Army War College student officers revealed that a majority of
the officers believe the Act is performing as Congress intended.
Most officers agree that the Act should not be amended at this
time. A copy of the survey, an analysis and a graphical depiction
of each question is included in annex A, B and C. Although
Congress authorized biennial budgeting, Congress still appropriates
funds yearly. The system is still chaotic; it continues to react
with quick knee jerk decisions. Even though Goldwater-Nichols may

not yet have improved some of the previous bureaucratic shortfalls in the budgeting process, it has none the less provided significant improvement in the overall operation of DoD. Therefore it is still to early to recommend that the Act be amended.

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APPENDIX A

GOLDWATER-NICHOLS ACT

SURVEY

In December 1989 a survey was distributed to Army War College students to determine if Public Law 99-433, the Goldwater-Nichols Department of Defense Reorganization Act of 1986, was properly implemented and to recommend possible changes to further refine the Act. Specifically, the Act changed the role that the Secretary of Defense, Chairman JCS and CINCs have in the budgeting process used by DoD. The survey is an attempt to gather opinions as to the Act's effectiveness with regard to the Planning, Programing, and Budgeting System (PPBS) used by DoD. Following is an analysis of the survey.

Fifty surveys were distributed and 29 were returned.

The survey consisted of two parts. Part I was designed to determine some pertinent information about the respondents. The questions concerned their branch and service (ie. combat arms, combat support..., Army, Navy...), status (ie. active duty, National Guard, reserves) and sex. Additional information requested whether or not the respondent had previously served on a joint staff, was he or she familiar with the Goldwater-Nichols Act, PPBS, and had they previously worked with PPBS and if so at what level.

Part II was designed to gather data about the respondents feelings, good or bad, about the Act as it pertains to budgeting. Specifically, to determine the effectiveness of the new role that the Secretary of Defense, Chairman JCS and the CINCs play in the budget process under Goldwater-Nichols. Lastly, to determine if the Act is doing what it was intended to do fiscally when Congress adopted the Act and if not, to recommend some fixes.

Closed ended questions were asked in all of Part I of the survey. Fourteen closed-ended questions and one open-ended question (number 15) were asked in Part II. A copy of the survey is included as appendix B.

Each question in part I and II is analyzed below.

ASSESSMENT OF SURVEY

Twenty-eight officers and one civilian responded to the survey. The officer distribution consisted of 16 combat arms, eight combat support, four combat service support officers and one civilian. Twenty-one officers are in the Army, one each from the Navy, Air Force, Marines, and the one civilian who is a General Schedule (GS) employee with the Army. All participants are currently Army War College students. Twenty-four of the respondents are on active duty, three National Guard and one Army reserves. The majority of the responses came from males (26) while three were from females. Eleven respondents had previously served

on the a joint staff and 18 had not. Twenty-seven of 29 were familiar with the Goldwater-Nichols Department of Defense Reorganization Act of 1986.

Forty-five percent had previously worked with the DoD method of budgeting called the Planning, Programing and Budgeting System (PPBS). Of those who previously worked with PPBS one worked for the Office of the Secretary of Defense (OSD), one on the joint staff, three Army staff, one Air Force Staff and eight worked for other major commands. The preceding statics offer some insight about the caliber and qualifications of the population asked to complete the survey.

ASSESSMENT OF SURVEY PART II

An analysis of each survey question follows. A copy of the survey is attached at appendix B. Each question is also graphically depicted at appendix C to show the number of responses in each category for each question. The following paragraphs are numbered in order to allow ease of comparing the questions on the survey (appendix A) and the graphs (appendix B).

- 1. Most officers surveyed agreed that the parts of the Goldwater-Nichols Act that pertain to budgeting were well implemented. However, an almost equal number were neutral while four disagreed.
- 2. A majority of the officers were neutral as to whether or not the Act needed changing to correct budget deficiencies.

However, 34% felt that refinement was needed while 10% disagreed as to whether any change was needed.

- 3. Fifteen percent felt that overall PPBS was improved by the Goldwater-Nichols Act. Thirty-four percent were neutral and 14% disagreed.
- 4. A majority of the respondents (62%) replied that the Chairman JCS should be the spokesman for the CINCs concerning their budget requests. Twenty-seven percent disagreed and 10% were neutral.
- 5. An overwhelming number of officers 93% agreed that the Secretary of Defense should be required to provide written policy guidance for the preparation of the components, program and budget proposals.
- 6. Sixty-nine percent of the officers agreed that the Chairman JCS should be required by law to prepare fiscally constrained strategic plans while 10% were neutral and 20% disagreed.
- 7. Seventy-nine percent felt that the Chairman JCS should submit to the Secretary of Defense alternative budget proposals in order to achieve greater conformance with the priorities of strategic plans of the unified and specified commands. Thirteen percent were neutral and six percent disagreed.
- 8. Sixty-two percent of the respondents felt that the Chairman JCS should recommend to the Secretary of Defense a budget

proposal for the activities of each unified and specified command?

Twenty-one percent were neutral and 17% disagreed.

- 9. Sixty-two percent agreed that the Secretary of Defense should include in the annual defense budget request a separate budget proposal for those activities of the unified and specified commands that he determines to be appropriate. Fourteen percent were neutral and 24% disagreed.
- 10. Eighty-three percent felt that the Chairman JCS should assess military requirements for acquisition programs. Three percent were neutral and 14% disagreed.
- 11. Thirty-four percent agreed and an equal number disagreed that the CINCs still do not have enough input in the budget process. Twenty-four percent remained neutral and three percent strongly disagreed.
- 12. Forty-eight percent of the respondents agreed ancean equal percentage were neutral while three percent disagreed when asked how they felt about the consolidation of all financial management functions under the Assistant Secretary of the Army for Financial Management. Previously these functions were preformed by the Comptroller of the Army (COA) and the Assistant Secretary of the Army for Financial Management (ASA(FM) under the ASA(FM).
- 13. Ninety-seven percent felt that the Chairman JCS should be the principal military adviser to the President, the National

Security Council (NSC), and the Secretary of Defense. Three percent disagreed.

14. Sixty-six percent of the respondents agreed that the unified and specified commanders should have more control over administrative and support activities and that they should be permitted to submit their own budgets. Ten percent remained neutral and 24% disagreed.

OPEN ENDED QUESTION (15)

15. An open ended question (15) asked respondents to provide their recommendations for additions or deletions to the Goldwater-Nichols Act, specifically to fix the budget process mandated by the Act. This question revealed that most respondents felt that the Goldwater-Nichols Act is accomplishing the budget objectives originally envisioned by Congress. Additionally, the respondents felt that it was still to early to pass legislation that would significantly change the Act.

APPENDIX B

GOLDWATER-NICHOLS DEPARTMENT OF DEFENSE REORGANIZATION ACT OF 1986

SURVEY

On 1 October 1986. Public Law 99-433. known as the Goldwater-Nichols Department of Defense Reorganization Act of 1986 was signed into law.

This Act prescribed significant changes in defense organization and procedures involving the Office of the Secretary of Defense (OSD), the Joint Chiefs of Staff (JCS), the commanders and combatant commands, and the Military Departments. Significantly, the Act changed the role the Secretary of Defense, Chairman JCS, and the CINCs have in the budgeting process used by DoD. This system is known as the Planning, Programing, and Budgeting System (PPBS).

Responding to the attached questionnaire will greatly assist the Army in evaluating several alternatives which could help to further refine the DoD budgeting system in the future. Your responses will be kept strictly confidential. You should be able to complete the questionnaire in less than 15 minutes. Please return it to box 270 upon completion but no later than 18 December 1989.

Thank you for your cooperation!

QUESTIONNAIRE

PART I

Part I of the survey requests data concerning yourself. Please check the word or phrase you feel is the <u>one</u> best answer.

1.	My branch is?
	Combat arms
	Combat support
	Combat service support
2.	My Service is?
	Army
	Navy
	Air Force
	Marines
	Civilian
З.	I am,
	Active duty
	National Guard
	Reserve
з.	My sex is?
	Male
	Female
4.	Have you served on a Joint Staff?
	YesNo

5. Are you familiar with the Goldwater-Nichols Department of Defense Reorganization Act of 1986?		
YesNo		
6. Have you worked with the DoD method of budgeting called the Planning, Programing, and Budgeting System (PPBS)?		
YesNo		
7. If yes to 6 above, where?		
Office of the Secretary of Defense (OSD)		
Joint Staff		
Army Staff		
Navy Staff		
Air Force Staff		
Marine Corps Staff		
Other		
PART II		
Part II requests data concerning your feelings towards the effectiveness of the Goldwater-Nichols Act as it applies to budgeting		
1. The parts of the Goldwater-Nichols Act that pertain to budgeting have been well implemented?		
Strongly agree		
Agree		
Neither agree or disagree		
Disagree		
Strongly disagree		

2. Significant change or refinement is needed to the correct budgeting deficiencies I have noted in the Goldwater-Nichols Act?
Strongly agree
Agree
Neither agree or disagree
Disagree
Strongly disagree
3. PBS has been improved since the Goldwater-Nichols Act was enacted?
Strongly agree
Agree
Neither agree or disagree
Disagree
Strongly disagree
4. The Chairman JCS should be the spokesperson for the CINCs concerning their budget requests in the PPBS process?
Strongly agree
Agree
Neither agree or disagree
Disagree
Strongly disagree

Defense to provide annually to all DoD components, written policy guidance for the preparation of the components' program and budget proposals. How do you feel about this new requirement for the Secretary of Defense?
Strongly agree
Agree
Neither agree or disagree
Disagree
Strongly disagree
6. The Chairman JCS should be required by law to prepare fiscally constrained strategic plans?
Strongly agree
Agree
Neither agree or disagree
Disagree
Strongly disagree
7. The Chairman JCS should submit to the Secretary of Defense alternative budget proposals in order to achieve greater conformance with the priorities of strategic plans of the unified and specified commands?
Strongly agree
Agree
Neither agree or disagree
Disagree
Strongly disagree

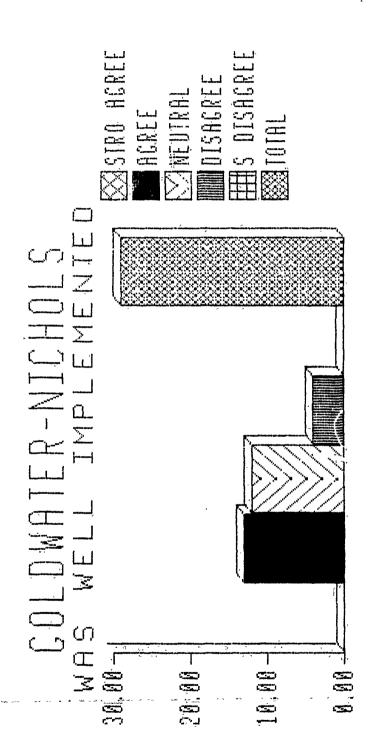
8. The Chairman JCS should recommend to the Secretary of Defense a budget proposal for activities of each unified and specified command?
Strongly agree
Agree
Neither agree or disagree
Disagree
Strongly disagree
9. The Secretary of Defense should include in the annual defense budget request a separate budget proposal for those activities of the unified and specified commands that he determines to be appropriate.
Strongly agree
Agree
Neither agree or disagree
Disagree
Strongly disagree
10. The Chairman JCS should assess military requirements for acquisition programs?
Strongly agree
Agree
Neither agree or disagree
Disagree
Strongly disagree

11. Under Goldwater-Nichols the CINCs still do not have enough input in the budget process.
Strongly agree
Agree
Neither agree or disagree
Disagree
Strongly disagree
12. Prior to reorganization, financial management was performed both within the Secretariat and the Army Staff. After reorganization, all comptroller financial management functions previously performed by either Comptroller of the Army (COA), or the Assistant Secretary of the Army for Financial Management (ASA(FM)) were consolidated in ASA(FM). At the same time, the comptroller became a three star military deputy to the ASA(FM). How do you feel about this reorganization?
Strongly agree
Agree
Neither agree or disagree
Disagree
Strongly disagree
13. The Goldwater-Nichols Act designates the JCS Chairman as the principal military adviser to the President, the National Security Council (NSC), and the Secretary of Defense? Do you agree or disagre with the Chairman's new role?
Strongly agree
Agree
Neither agree or disagree
Disagree .
Strongly disagree

14. The Goldwater-Nichols Act authorizes unified and specified commanders more control over administrative and support activities. and also permits them to submit their own budgets if desired. The unified and specified commanders should be allowed to submit and manage their own budgets.

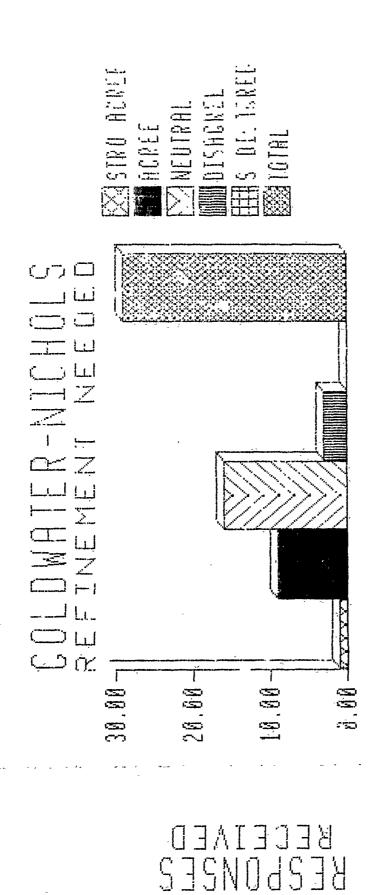
 _Strongly agree
 _Agree
 _Neither agree or disagree
 _Disagree
_Strongly disagree

15. What would you recommend for addition or deletion to the Goldwater-Nichols Act, specifically to fix the budget process mandated by the Act? Your recommendations are appreciated.

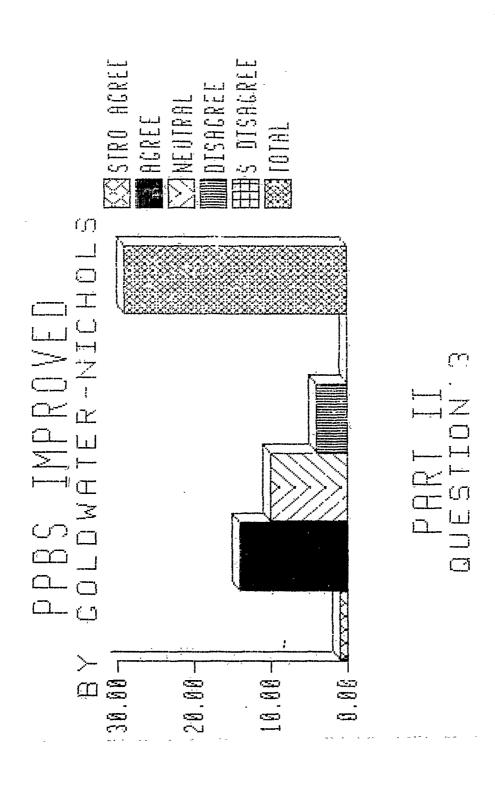


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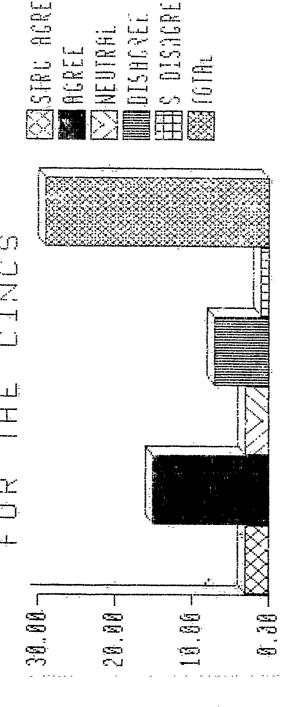


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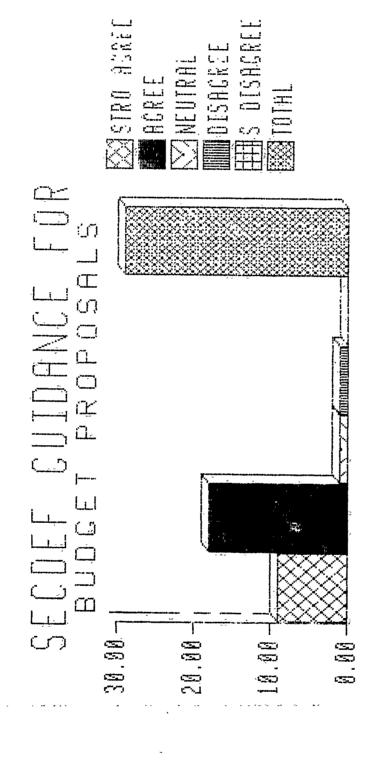
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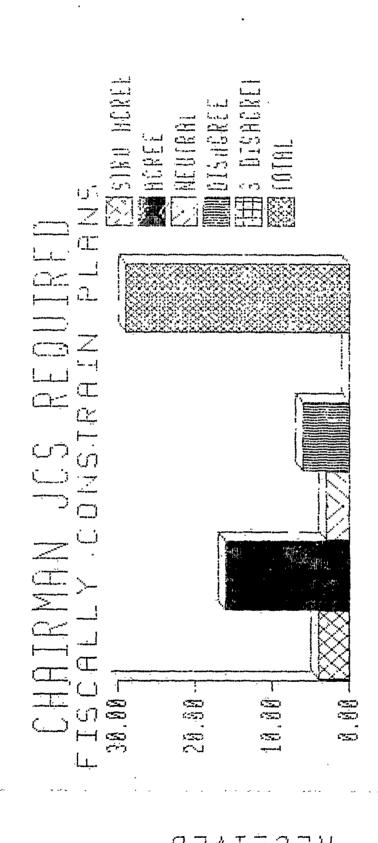
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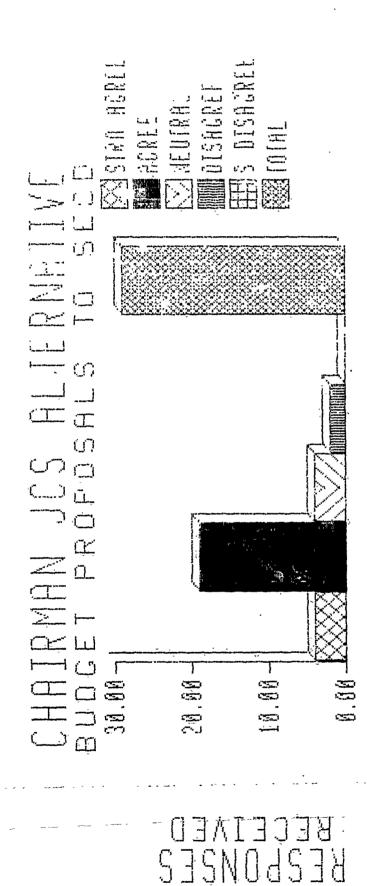
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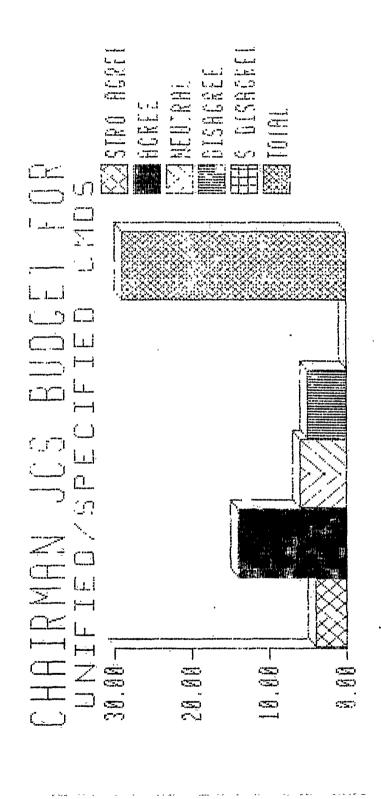
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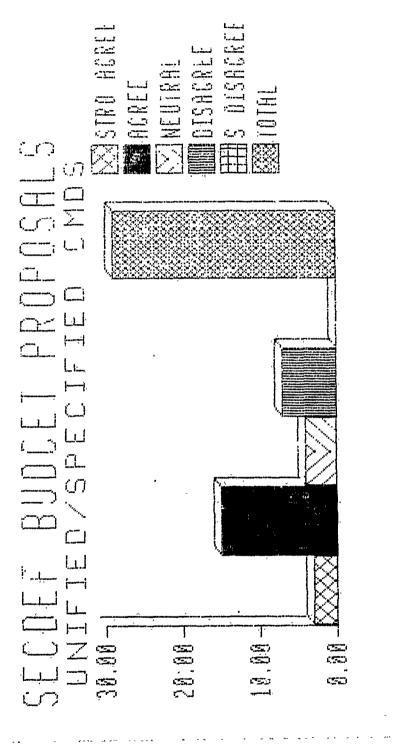
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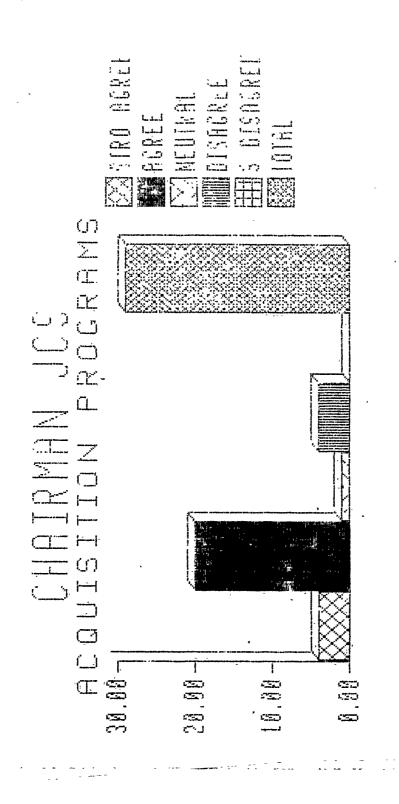


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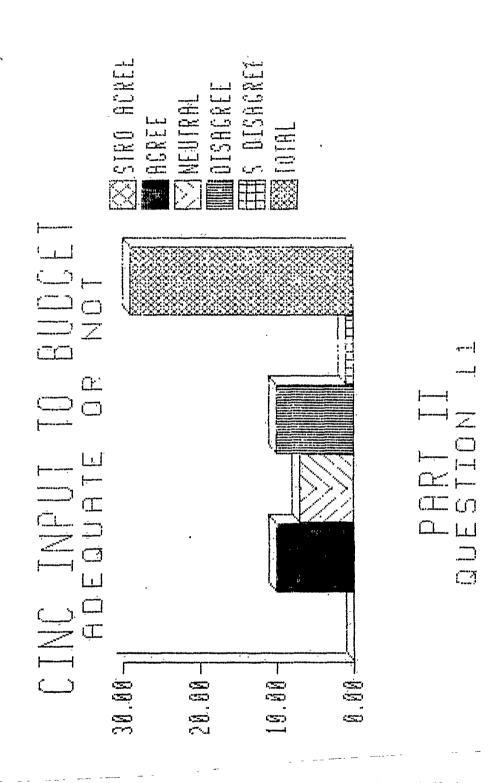
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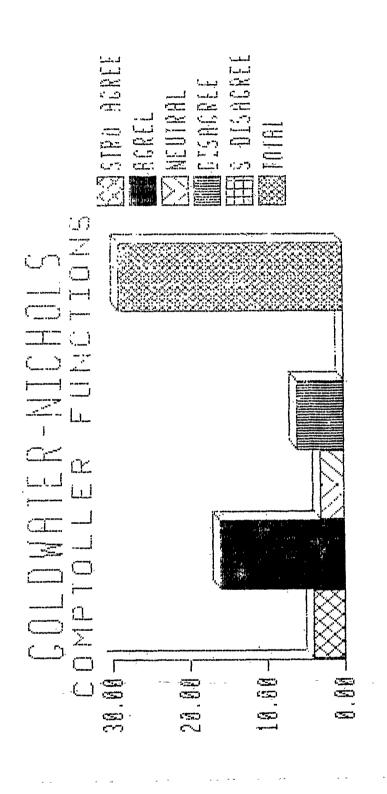


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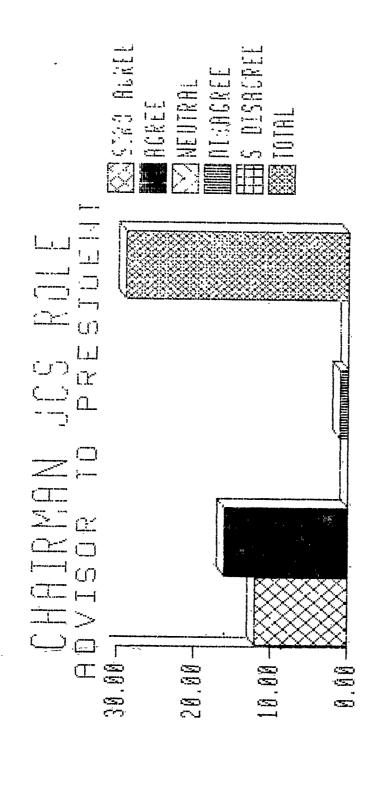


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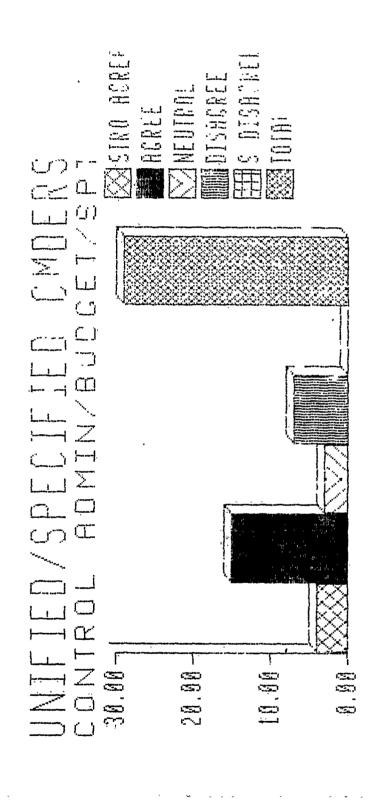
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